

Honolulu, Hawaii

MAY 01 2015

RE: S.B. No. 544
S.D. 1
H.D. 1
C.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Madam and Sir:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 544, S.D. 1, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO NATURAL RESOURCES,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to rejuvenate areas that have become dilapidated, obsolete, or deteriorated in the Kanoelehua industrial area on the Island of Hawaii by defining management policies and establishing within the Department of Land and Natural Resources, a four-year redevelopment pilot project for the Kanoelehua industrial area and adjacent public lands in south Hilo, Hawaii.

Your Committee on Conference finds that the Department of Land and Natural Resources has the responsibility of planning for the disposition of commercial, industrial, hotel, and resort classes of public lands to determine: specific use or uses; minimum size of



parcels; required building construction or improvements; and lease terms and requirements.

Your Committee on Conference further finds that one of the consequences of the state law requiring that public land leases be issued pursuant to public bidding is that an existing lessee may have little incentive to make major repairs or improvements to their leasehold properties during the last five to fifteen years of the lease, which sometimes results in the deterioration of infrastructure and facilities.

Your Committee on Conference further finds that the rejuvenation of areas of public lands that have become dilapidated, obsolete, or have deteriorated over time is in the public interest and constitutes a valid public purpose.

Your Committee on Conference has amended this measure by deleting its contents and inserting provisions to:

- (1) Require the Legislative Reference Bureau to study how other select states manage end-of-term commercial leases involving public lands and to identify best practices in commercial leasing of public lands. Specifically, the Bureau will conduct a study on how other select states administer, renegotiate, re-open, extend, or otherwise dispose of long-term leases of public lands that are about to expire to determine how the respective government lessors manage, handle, or deal with leases that terminate within ten years and have lessees or tenants who are unwilling or unable to secure financing to invest capital into improvements that they cannot recoup due to the limited remaining term of the lease;
- (2) Require the Bureau to report to the Legislature prior to the Regular Session of 2016 its findings and recommendations, including proposed legislation;
- (3) Appropriate \$100,000 to the Legislative Reference Bureau to conduct the study; and
- (4) Insert an effective date of July 1, 2015.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 544, S.D. 1, H.D. 1, as amended herein, and recommends that



it pass Final Reading in the form attached hereto as S.B. No. 544,
S.D. 1, H.D. 1, C.D. 1.

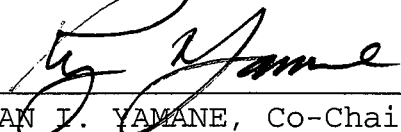
Respectfully submitted on behalf
of the managers:

ON THE PART OF THE HOUSE

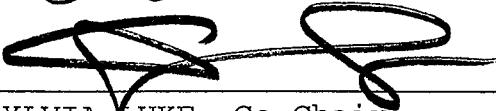
ON THE PART OF THE SENATE



CHRIS LEE, Co-Chair



RYAN I. YAMANE, Co-Chair



SYLVIA LUKE, Co-Chair



LAURA H. THIELEN, Chair



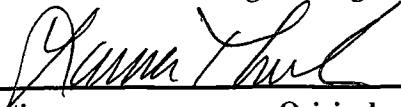

MIKE GABBARD, Co-Chair



JILL N. TOKUDA, Co-Chair



Record of Votes of a Conference Committee

Bill / Concurrent Resolution No.: SB 544, SD 1, HD 1					Date/Time: 5/1/15 1:05 pm				
<input checked="" type="checkbox"/> The recommendation of the House and Senate managers is to pass with amendments (CD).									
<input type="checkbox"/> The Committee is reconsidering its previous decision.									
<input type="checkbox"/> The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure					<input type="checkbox"/> The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.				
Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
THIELEN, Laura H., Chr.	/				LEE, Chris, Co-Chr.	/			
GABBARD, Mike, Co-Chr.	/				YAMANE, Ryan I., Co-Chr.	/			
TOKUDA, Jill N., Co-Chr.	/				LUKE, Sylvia, Co-Chr.	/			
SHIMABUKURO, Maile S.L.	/				LOWEN, Nicole E.	/			
SLOM, Sam				/	POUHA, Feki	/			
TOTAL	4			1	TOTAL	5			
A = Aye		WR = Aye with Reservations			N = Nay		E = Excused		
Senate Recommendation is:					House Recommendation is:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted					<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Senate Lead Chair's or Designee's Signature:					House Lead Chair's or Designee's Signature:				
									
Distribution: Original					Yellow Pink Goldenrod File with Conference Committee Report House Clerk's Office Senate Clerk's Office Drafting Agency				